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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
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10/743,616

12/22/2003

Jeff Scott Eder

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03/18/2009

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EXAMINER

LIVERSEDGE, JENNIFER L

ART UNIT

PAPER NUMBER

3692

MAIL DATE

DELIVERY MODE

03/18/2009

PAPER

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**BEFORE THE BOARD OF PATENT APPEALS
AND INTERFERENCES**

Application Number: 10/743,616
Filing Date: December 22, 2003
Appellant(s): EDER, JEFF SCOTT

B.J. Bennett
For Appellant

EXAMINER'S ANSWER

This is in response to the appeal brief filed December 5, 2008 appealing from the Office action mailed February 11, 2008.

(1) Real Party in Interest

A statement identifying by name the real party in interest is contained in the brief.

(2) Related Appeals and Interferences

Applicant cites US Patent Applications 09/764,068, 10/645,099 and 10/746,673 as applications which may be affected by or have a bearing on this appeal. Examiner notes that at the present time, applications 09/746,068 and 10/645,099 have been reopened and have Office Actions outstanding. Application 10/746,673 has been abandoned.

(3) Status of Claims

The statement of the status of claims contained in the brief is correct.

Examiner notes that on page 20, Appellant presents arguments related to claims 64, 66-69, and 71-31. It is believed that this reference is in error and the claims are inadvertently listed in this argument section as they are not referenced in any other portion of the Appeal Brief and are not reflected in the Status of Claims as being claims on appeal.

(4) Status of Amendments After Final

The appellant's statement of the status of amendments after final rejection contained in the brief is correct.

(5) Summary of Claimed Subject Matter

The summary of claimed subject matter contained in the brief is correct.

(6) Grounds of Rejection to be Reviewed on Appeal

The appellant's statement of the grounds of rejection to be reviewed on appeal is correct.

(7) Claims Appendix

The copy of the appealed claims contained in the Appendix to the brief is correct.

(8) Evidence Relied Upon

Bielinski, Daniel W. "How to sort out the premium drivers of post-deal value. Mergers and Acquisitions". Philadelphia: Jul/Aug 1993. Vol. 28, Iss. 1.

M2 Presswire. "John Wiley & Sons: Outdated corporate reporting practices fail to measure companies' true value". Coventry: Feb 22, 2001.

The Economist. "Finance and economics: shining a light on company accounts; accounting". London: Aug 18, 2001. Vol. 360, Iss. 8235.

Kjeld Jenses and Paul Warren. "The use of options theory to value research in the service sector". R&D Management 31, 2, 2001. Blackwell Publishers Ltd. 2001. April 2001.

Dietterich, Thomas G. "Machine-learning research: Four current directions". AI Magazine. La Canada: Winter 1997. Vol. 18, Iss. 4.

(9) Grounds of Rejection

The following ground(s) of rejection are applicable to the appealed claims:

Claims 64-96 are rejected under 35 U.S.C. 112, first paragraph, as based on a disclosure which is not enabling. A complete explanation of all combinations for activity selection as cited in claim 1 are critical or essential to the practice of the invention, but not included in the claim(s) is not enabled by the disclosure. See *In re Mayhew*, 527 F.2d 1229, 188 USPQ 356 (CCPA 1976).

As the claim is set forth as a Markush claim wherein the last element of group is “and combinations thereof”, the written description must include a description of how the activities, if selected in any combination, would operate together. For example, the invention must be operable and enabled if the activities of and only of, for example, optimizing one or more aspects of enterprise financial performance and valuing a real option are selected. In the particular instance, the written description does not support the selection of only these two activities. All permutations thereof are applicable in describing the invention given the Markush group with the last element of the group being “and combinations thereof”. The same rejection applies to all depended claims in the same form.

Claims 64, 66-69, 71-73, 75, 77-80, 82-84, 86-91 and 93-95 are rejected under 35 U.S.C. 103(a) as being unpatentable over “How to sort out the premium drivers of

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post-deal value” by Daniel W. Bielinski (further referred to as Bielinski), in view of “Outdated corporate reporting practices fail to measure companies’ true value” in M2 Presswire (further referred to as M2) and further in view of “Finance and economics: shining a light on company accounts” in The Economist (further referred to as The Economist).

Regarding claims 64, 75 and 86-87, Bielinski discloses an enterprise management method, program storage device with instructions and apparatus (pages 1-5), comprising:

Preparing a plurality of transaction data related to a commercial enterprise for use in processing, developing a computational model of enterprise market value by element of value and segment of value by completing a series of multivariate analyses that utilize at least a portion of said data (pages 1-5), and

Completing activities selected from the group consisting of: determining an element of value contribution, quantifying an element of value impact on enterprise financial performance, completing an analysis of enterprise financial performance, optimizing one or more aspects of enterprise financial performance, simulating an enterprise financial performance, optimizing a future enterprise market value, quantifying a future enterprise market value, creating a management report, calculating a real option discount rate, valuing a real option, valuing a share of enterprise stock, determining a target share price and combinations thereof where a segment of value further comprises a current operation and a segment of value selected from the group

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consisting of real option and excess financial asset and combinations thereof (pages 1-5).

Bielinski does not disclose valuing an enterprise using the elements of market sentiment and derivative.

However, M2 discloses valuing an enterprise using the elements of market sentiment (pages 2-3). It would be obvious to one of ordinary skill in the art at the time of the invention to modify the corporate valuation method as disclosed by Bielinski to adapt the use of valuing market sentiment as disclosed by M2. The motivation would be to account for all of a corporation's assets among which includes market sentiment.

Neither Bielinski nor M2 disclose valuing an enterprise using derivatives. However, The Economist discloses where derivatives are now being marked to market and included on a corporation's balance sheet with other assets (pages 1-2). It would be obvious to combine the use of recognizing derivatives as an asset on a corporation's balance sheet for purposes of total valuation as disclosed by The Economist with the method of valuing and accounting for all of a corporations assets in determining its value as disclosed by M2 and Bielinski. The motivation would be to capture all of a corporation's assets in determining its value.

Regarding claims 66, 77 and 88, Bielinski discloses an enterprise management method, program storage device with instructions and apparatus where the elements of value are selected from the group consisting of alliances, brands, channels, customer relationships, employees, employee relationships, intellectual capital, intellectual

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property, partnerships, processes, production equipment, vendors, vendor relationships and combinations thereof (pages 2-4).

Regarding claims 67, 78 and 89, Bielinski discloses an enterprise management method, program storage device with instructions and apparatus where preparing data for use in processing further comprises integrating data from a plurality of enterprise related systems in accordance with a common schema (pages 1-5).

Regarding claims 68, 79 and 90, Bielinski, M2 and The Economist disclose an enterprise management method, program storage device with instructions and apparatus where optimizing one or more aspects of enterprise financial performance further comprises identifying value driver changes that will optimize one or more aspects of financial performance where said aspects of financial performance are selected from the group consisting of revenue, expense, capital change, cash flow, current operation value, real option value, derivative value, future market value, market sentiment value, market value and combinations thereof (pages 1-5) and as provided in claims 64, 75 and 86.

Regarding claims 69, 80 and 91, Bielinski, M2 and The Economist disclose an enterprise management method, program storage device with instructions and apparatus wherein a series of multivariate analyses are selected from the group consisting of identifying one or more previously unknown item performance indicators,

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discovering one or more previously unknown value drivers, identifying one or more previously unknown relationships between one or more value drivers, identifying one or more previously unknown relationships between one or more elements of value, quantifying one or more inter-relationships between value drivers, quantifying one or more impacts between elements of value, developing one or more composite variables, developing one or more vectors, developing one or more causal element impact summaries, identifying a best fit combination of predictive model algorithm and element impact summaries for modeling enterprise market value and each of the components of value, determining a net element of value impact for each segment of value, determining a relative strength of a plurality of elements of value between two or more enterprises, developing one or more real option discount rates, calculating one or more real option values, calculating an enterprise market sentiment value by element of value, and combinations thereof (pages 1-5) and as provided in claims 64, 75 and 86.

Regarding claims 71, 82 and 93, Bielinski discloses an enterprise management method, program storage device with instructions and apparatus wherein enterprise related transaction data are obtained from systems selected from the group consisting of advanced financial systems, basic financial systems, alliance management systems, brand management systems, customer relationship management systems, channel management systems, estimating systems, intellectual property management systems, process management systems, supply chain management systems, vendor management systems, operation management systems, sales management systems,

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human resource systems, accounts receivable systems, accounts payable systems, capital asset systems, inventory systems, invoicing systems, payroll systems, purchasing systems, web site systems, the Internet, external databases and combinations thereof (pages 1-5).

Regarding claims 72, 83 and 94, Bielinski discloses an enterprise management method, program storage device with instructions and apparatus wherein an enterprise further comprises a single product, a group of products, a division or an entire company (pages 1-5).

Regarding claim 73, 84 and 95, Bielinski, M2 and The Economist disclose an enterprise management method, program storage device with instructions and apparatus wherein a computational model of enterprise market value further comprises a combination of models selected from the group consisting of a predictive component of value model, a real option discount rate model, a real option valuation model, a derivative valuation model, an excess financial asset valuation model, a market sentiment model by element of value and combinations thereof (pages 1-5) as provided in claims 64, 75 and 86.

Claims 65 and 76 are rejected under 35 U.S.C. 103(a) as being unpatentable over Bielinski, M2 and The Economist and further in view of "The use of options theory

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to value research in the service sector” by K. Jensen and P. Warren (further referred to as Jensen).

Neither Bielinski, M2 nor The Economist disclose where a real options segment of value is valued using a discount rate that is a function of the relative ranking of one or more enterprise elements of value. However, Jensen discloses where a real options segment of value is valued using a discount rate that is a function of the relative ranking of one or more enterprise elements of value (pages 1-8). It would be obvious to one of ordinary skill in the art at the time of the invention to use the strength of an element of value to value a real option as the companies current value elements would be most representative of the value at which potential future projects would be evaluated.

Claims 70, 74, 81, 85, 92, and 96 are rejected under 35 U.S.C. 103(a) as being unpatentable over Bielinski, M2, The Economist and further in view of “Machine-learning research: Four current directions” by Thomas G. Deitterich (further referred to as Deitterich).

Regarding claims 70, 81 and 92, neither Bielinski, M2 nor The Economist disclose an enterprise management method, program storage device with instructions and apparatus wherein a predictive model algorithm is selected from the group consisting of neural network; classification and regression tree; generalized autoregressive conditional heteroskedasticity; regression; generalized additive;

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redundant regression network; rough-set analysis; Bayesian; multivariate adaptive regression spline and support vector method.

However, Deitterich discloses an enterprise management method, program storage device with instructions and apparatus wherein a predictive model algorithm is selected from the group consisting of neural network; classification and regression tree; generalized autoregressive conditional heteroskedasticity; regression; generalized additive; redundant regression network; rough-set analysis; Bayesian; multivariate adaptive regression spline and support vector method (pages 1-39).

It would be obvious to one of ordinary skill in the art to modify the computerized models for determining valuation by using multiple value drivers as disclosed by Bielinski, M2 and The Economist to adapt the use of the model algorithms as disclosed by Deitterich. The motivation would be to use an algorithm from among the many known algorithms for performing computations.

Regarding claims 74, 85 and 96, Bielinski discloses an enterprise management method, program storage device with instructions and apparatus where genetic algorithms are used to identify changes that will optimize one or more aspects of enterprise financial performance and multi-criteria optimization models are used to identify the changes that will optimize two or more aspects of enterprise financial performance (pages 1-5).

Neither Bielinski, M2 nor The Economist disclose an enterprise management method, program storage device with instructions and apparatus where a Markov Chain

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Monte Carlo model is used to identify one or more changes that will optimize one aspect of enterprise financial performance. However, Dietterich discloses the use of a Markov Chain Monte Carlo model for optimization (pages 5-6). It would be obvious to one of ordinary skill in the art to modify the computerized models for determining valuation by using multiple value drivers as disclosed by Bielinski, M2 and The Economist to adapt the use of the Markov Chain Monte Carlo model as disclosed by Deitterich. The motivation would be to use a model which is used with neural networks for performing combinatorial optimization computations.

(10) Response to Argument

The Appellant's arguments have been considered but are not persuasive.

Applicant argues that claims 75, 77-80, 82-84, 86-91 and 93-95 are patentable over the cited prior art for two reasons: 1) the rejections fail under both standards of the APA, and 2) the claim rejections fail to establish a prima facie case of anticipation for the rejected claims.

With regards to Appellants claim that the rejections fail under APA standards, Examiner believes that the claims have been properly rejected. Examiner believes that the rejections as set forth in the Office Actions and in the present Examiner's Answer have addressed each claim limitation using prior art which addresses the claim limitations and that where any combinations of prior art were used to reject claims that proper evidence and motivation for such a combination has been provided. Therefore the Examiner asserts that both standards of the APA have been followed and that the

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Office Actions and this Examiner's Answer are both proper with respects to the evidence provided in rejecting the claims.

Appellant argues that the claim rejections fail to establish a prima facie case of anticipation for the rejected claims for the following reasons: 1) the cited combination does not teach or suggest one or more limitation for every rejected claim, 2) the combination teaches away from a number of claimed methods, and 3) the Office Action fails to explain the rationale for combining the teachings of the cited documents.

With regards to the argument that the cited combination does not teach or suggest one or more limitation for every rejected claim, Examiner contends that the rejection of the claim limitations as presented in the claims in a thorough and proper in addressing each limitation contained therein. With regards to the independent claims, Bielinski discloses the preparing of and analyzing of data related to a commercial enterprise through the use of developing models and completing multivariate analyses using that data and completing activities from the group as listed in the claim limitations, and further discloses where current operation, real option and excess financial asset data are utilized. As noted in the Office Action, M2 discloses using market sentiment to value an enterprise and The Economist discloses valuing an enterprise using derivatives. Appellant, in the Appeal Brief, cites various concepts which are claimed as deficient in the teachings of the combinations of references. However, as detailed in the rejection above, Bieliski in combination with M2 and The Economist teach the limitations as they are presented in the claims. For example, and with regards to the claimed deficiencies, the independent claims state "completing activities selected

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from...". This language does not say "completing all of the activities selected from...".

Therefore, as Bielski does disclose the completing of more than one activity as presented in the list, the rejection is proper in applying Bielski and the prior art teaches the claimed limitation.

With regards to the dependent claims, Appellant argues that the combined references do not teach or suggest the claim limitations. However, no specific deficiencies are noted and Examiner finds that the rejections for the dependent claims as set forth are proper in addressing each limitation of the dependent claims.

Appellant argues that the references as cited in the rejection teach away from the claimed methods. However, it is noted that the standard by which teaching away is determined is based on the prior art references specifically criticizing, discrediting, or otherwise discouraging the use or implementation of an method, process, etc. The teaching of alternative methods or processes does not constitute teaching away, as noted in case law as set forth in the MPEP 2123 II: "[t]he prior art's mere disclosure of more than one alternative does not constitute a teaching away from any of these alternatives because such disclosure does not criticize, discredit, or otherwise discourage the solution claimed...." *In re Fulton*, 391 F.3d 1195, 1201, 73 USPQ2d 1141, 1146 (Fed. Cir. 2004).

Appellanr argues that Examiner has failed to explain the rationale for combining the teachings of the cited documents. However, in each instance of combination, the reason for the combination has been provided in terms of which limitations are taught by which reference, and a motivation for the combination has been provided. Examiner

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believes that proper combinations have been made and proper motivations and rationales set forth within the claim rejections. The courts have found that "A suggestion, teaching, or motivation to combine the relevant prior art teachings does not have to be found explicitly in the prior art, as the teaching, motivation, or suggestion may be implicit from the prior art as a whole, rather than expressly stated in the references... The test for an implicit showing is what the combined teachings, knowledge of one of ordinary skill in the art, and the nature of the problem to be solved as a whole would have suggested to those of ordinary skill in the art. In re Kotzab, 217 F.3d 1365, 1370 (Fed. Cir. 2000). However, rejections on obviousness grounds cannot be sustained by mere conclusory statements; instead, there must be some articulated reasoning with some rational underpinning to support the legal conclusion of obviousness. See Lee, 277 F.3d at 1343-46; Rouffett, 149 F.3d at 1355-59. This requirement is as much rooted in the Administrative Procedure Act, which ensures due process and non-arbitrary decisionmaking, as it is in § 103. See id. at 1344-45." In re Kahn, 78 USPQ2d 1329, 1336 (CA FC 2006). XXXXX "It is, of course, not necessary that either [prior art references] actually suggest, expressly or in so many words, the changes or possible improvements appellant has made." In re Sheckler, 168 USPQ 716, 717 (CCPA 1971).

In response to applicant's argument that there is no suggestion to combine the references, the Courts have stated that "[a] suggestion, teaching, or motivation to combine the relevant prior art teachings does not have to be found explicitly in the prior art, as the teaching, motivation, or suggestion may be implicit from the prior art as a

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whole, rather than expressly stated in the references...The test for an implicit showing is what the combined teachings, knowledge of one of ordinary skill in the art, and the nature of the problem to be solved as a whole would have suggested to those of ordinary skill in the art... there must be some articulated reasoning with some rational underpinning to support the legal conclusion of obviousness." (emphasis added) In re Kahn, 78 USPQ2d 1329, 1336 (CA FC 2006). Examiner asserts that "articulated reasoning" to support the legal conclusion of obviousness has been made.

Similar arguments with regards to claims 76, 81, 85, 92 and 96 are presented in the Appeal Brief. As in the responses and discussion presented above, Examiner finds that the rejection as set forth in the Office Action and as presented above in the present Examiner's Answer is proper with respect to APA standards, that the prior art as combined teaches the claim limitations, and that the prior art references do not teach away from the claimed invention per the guidelines of what constitutes teaching away. The same logic and rationale as applied to the previously discussed and details responses apply to these claims.

Appellant argues the rejection of claims 75-96 under 35 USC 112, first paragraph. Examiner rejected claims 75-96 under 35 USC 112, first paragraph for the inclusion of the phrase "and combinations thereof" within the Markush grouping. As the claim is set forth as a Markush claim wherein the last element of group is "and combinations thereof", the written description must include a description of how the activities, if selected in any combination, would operate together. For example, the invention must be operable and enabled if the activities of and only of, for example,

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optimizing one or more aspects of enterprise financial performance and valuing a real option are selected. In the particular instance, the written description does not support the selection of only these two activities (or any two or more activities). All permutations thereof are applicable in describing the invention given the Markush group with the last element of the group being "and combinations thereof". The same rejection applies to all depended claims in the same form.

(11) Related Proceeding(s) Appendix

Examiner acknowledges the Related Proceedings Appendix submitted on pages 47-48 of the present Appeal Brief in which the BPAI affirmed the Examiner in Application 09/761,671.

For the above reasons, it is believed that the rejections should be sustained.

Respectfully submitted,

/Jennifer Liversedge/

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